Project Fear now masquerades as a discussion of “No Deal Brexit”

The BBC were in overdrive yesterday peddling the same old arguments that if we just leave the EU they will not be able or willing to sell us all their exports. No critical questions to the usual suspects stating all this about how we manage to import so much from non EU sources today, or why would Dover and Calais wish to mess up their ports and their businesses by delay?

We go over and over the same absurd Remain arguments that we faced in the referendum campaign. I decided I had to divert today from my plan to carry on with the positives, by reminding myself just how wrong the Treasury and Remain were in the referendum with all their bogus forecasts. I spent much of my campaign refuting their forecasts of falling GHDP , falling house prices, falling share prices and rising unemployment. My replies on their argument that sterling would fall was “Sterling once we are out of the EU will continue to rise and fall as it has done all the time we have been in the EU. It has been very volatile”. That is exactly what has happened with for example a fall off against the dollar immediately after the vote, a rise back to the levels at the time of the vote, followed more recently by another decline. The strength of the dollar, UK money policy and other issues still affect this rate as before.

The main short term forecasts the Treasury made were specifically for the first couple of years or so after the vote. They said in their detailed published document on the short term outlook for   after a Leave vote (not after exit)

1. There would be a recession, with unemployment rising by 500,000, or by as much as 800,000 in the worst case. The Unemployment rate would rise from the then rate of 4.9% to 6.5% or even to 7.3%.

Outturn   Employment grew substantially, with the unemployment rate falling from 4.9% to 3.8%, a fall of 22%. There was no recession.

2. House prices would fall by 10%, with a worst case possible fall of 18%

Outturn House prices continued to rise for the UK as a whole, at a modest rate, despite the hikes in Stamp duty, restriction on mortgages and tax rises for Buy to let.

3. The “return investors would demand for holding longer term UK government debt or the term premium would rise by between 40bp and 100bp” driving up borrowing rates generally.

Outturn The 10 year cost of government borrowing has fallen from 1.09% to 0.52%, a halving of the overall rate of interest on such debt.

4. Shares would fall. Whilst no forecasts of the extent were in the document, Remain claimed the UK share market would fall after the vote, and then

modified this to saying domestically oriented shares would fall.

Outturn The All Share Index is up 17% since the referendum. The FTSE250, which excludes the 100 largest companies which predominantly earn profits abroad, is up by slightly more than 17%.

So we now know all but the Treasury's sterling forecast was wrong by large margins. Why doesn't the mainstream media revisit this and ask those responsible why they got it so wrong? Why should we believe their tales of gloom going forwards, when they made such a hash of these crucial referendum influencing forecasts?

EU agrees to buy more US beef

The EU has signed an Agreement with the USA to increase the amount of tariff free US beef imported into the EU from $150 m to $420 million a year.

I haven't seen this much reported on this side of the Atlantic.

Mr Trump said "This is a tremendous victory for American farmers, ranchers and of course for European consumers because US beef is considered the best in the world"

That's not what I hear from Remain media in the UK. Perhaps Remain supporters might like to explain.

How much extra public spending is appropriate for the UK?

There is a change in approach to public spending with the new Prime Minister wanting to tackle areas in the NHS, education and security where more money is needed to recruit more people, improve facilities and ease pressures on budgets. It will be welcome to see more cash for schools suffering from low per capita budgets currently, and to see better facilities and more capacity in the NHS. I have been seeking both these for my local area.

It is important that as the extra money is released it is made clear how it will be spent to boost service quality and provision. Ministers will need to be firm about how the money is spent. It is best to ask first what extra personnel and facilities are needed and why, before then asking how much they will cost, and considering authorising them.

All of this extra spending needs to fit into a state budget plan with suitable limits on borrowing. The extra spend can come from savings elsewhere, from more tax revenue from economic growth, or from more borrowing. There is plenty of scope to boost the growth rate as discussed here before by tax cuts and a more appropriate money policy.

There is also plenty of scope to cut out wasteful and undesirable spending elsewhere, as I will discuss in more detail tomorrow. Ending all payments to the EU from 1 November provides substantial opportunity to spend more and tax less.

State borrowing at a little over 1% of GDP today could rise to 2% given the world slowdown and the lack of inflationary pressures in much of the advanced global economy.

All this points to the opportunity for a decent boost to core public services and some enterprise and job promoting tax cuts soon. My original Brexit bonus budget did not spend much more than the savings on the EU contributions.,

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A media which misinforms

The contrast between the way much of the conventional media reports on the European continent compared to their reports on the USA and UK has never been starker. We regularly hear every Democrat criticism of President Trump and every Lib Dem and Labour jibe about Boris but never hear the AFD tearing into Mrs Merkel nor National Rally assailing Mr Macron.

The choice of topics is also skewed. We hear regular reports into poverty, racism and violent crime in the USA or UK but no such coverage of France or Germany. The mass protests in France for almost a year along with the deaths and woundings of protesters by the security forces usually go without mention. The nasty outbreaks of violence in Germany linked in their media to minority criminal elements in the recently arrived migrant population and to groups of local people who oppose the migration policy by violence go largely unremarked.

The strange double standards applies to reporting austerity politics. Any cut in public spending in the UK within the context of an overall state budget rising in real terms is reported as unacceptable austerity. The true homes of austerity economics in parts of the Eurozone go little discussed, even though there we have seen cash cuts in wages, cash cuts in state pensions, large layoffs and the rest. There is a refusal to see that the Uk Treasury's whole programme of increased taxes and limited spending rises was based on the EU requirement to see state debt as a percentage of GDP falling.

Even more curious is the differential approach to new laws. If they come from the EU they get little criticism and often little coverage.Anything proposed here or by Mr Trump are likely to get energetic and critical debate. The massive data law GDPR had a big impact on business costs and priorities for many months yet it was as if it did not exist in much of the media. Imagine the rows if a UK government had proposed that.

The USA and UK have made good progress in creating jobs and cutting unemployment. The mass unemployment of much of the Eurozone and the unacceptably high youth unemployment in much of the south gets little attention. Remain inclined media ought to be as scandalised about unemployment and poverty in Greece or southern Italy as they are about lesser amounts in UK blackspots. The EU ideal should create equal concern about anywhere in the Union.

Over our many years in the EU much of the media have denied the EU has much impact on our lives. Now we are leaving that same media tell us the EU is so critical to so many aspects of our lives we cannot live without it. No wonder so many people now say back "We dont believe you."

Ownership for everyone

Ownership for everyone

Now is the time to galvanise free enterprise and boost the UK economy by promoting wider ownership. The big idea is to encourage and help many more people own a stake in the property and business of the country. The campaign would inform and influence many individual policies and proposals that could assist and encourage people in such a popular direction. The first task is to show how possible it is for the many to be owners, and the second task to create the policies and background to accelerate the trend.

Changing attitudes – being positive about ownership

It is time to tell everyone they have the opportunity to be owners. We should want more to own their own home. More people should set up and own their own business.
More people should come to own a share in the business they work for. More employees should be able to buy out their business and run it as a co-op or partnership or employee owned enterprise.
More people could save and own investments for their retirement or for life's events.

Owning some capital is transformational. It gives you more freedoms to change your job or move your home or set up or expand your business. Owning realisable assets gives you more self confidence, more choices, and a better sense of participating in the wider society. Having some capital enables you to take more control of your life. Owning capital gives you the power to borrow or to release cash from your assets for new purposes.

Too many think ownership is for the few or for the richer half of the country. They think you need to inherit wealth or go to a posh school or university to be a person of property. Government treats those with some wealth as a cash machine for the state, or even as potential criminals who broke rules to come by their wealth. People who make money and save it are taxed on earning and then again on saving it. They may be subject to special enquiries into where they got their wealth, and to endless inspections of their tax returns to make sure they have not undertaken aggressive tax avoidance. Parliament debates how the rich can be taxed more or kept out of our country by tough rules. The impression is created by some in Parliament that there is something unclean about an entrepreneur or investor who has been successful.

We need a revolution of attitudes. We want a state that promotes and helps the accumulation of assets by individuals and sees it as a good, not a bad to tax. We need to show how individuals who failed at school and who inherit nothing can build businesses, build or renovate their own homes, or get stakes in someone else’s business so they too can participate in the wealth of the economy.

Changing policies to promote wealth and ownership

It will need new approaches to bring about a very British coup, a coup for a new generation of owners to take control of homes and businesses. The policies would include changes to the way we tax and to way we spend public money, to the rules we set over business and capital and to attitudes towards success.

We need to roll back some of the aggressive policies on wealth accumulation. Stamp duties need to come down on acquiring a home or a rental property. VAT needs to be taken off doing up a property. Capital gains tax rates need lowering so there is no great penalty on wishing to move between properties or change the assets you hold. Mobility of capital and change of uses and ownership of property is a good thing which helps capital accumulation . People can be happier if they can move home to the accommodation and location of their choice without a large financial penalty for daring to do so. Doing up a home and moving to another should not be highly taxed as it improves the building stock and gives people equity in their main asset.

Higher rate income tax needs to come down. More revenue would be collected as more earn higher incomes, working harder to do so. The range of reliefs on your own business should be extended. HMT should stop trying to force people who work for themselves to pay tax as employees. The VAT threshold for a small business should be raised higher.

The state can help build a bigger population of owners by changing the way it operates. It should spin off more of its activities to employee controlled enterprises. These thrive from the unity of interest between the employees and the government, providing a better service at a lower price to the state and empowering the employees. They will work smarter when they work for their own benefit as well, discovering that higher quality service is also more efficient and better value . The John Lewis and the Co-op models should be more widely adopted in bidding for public sector contracts. The employees as business owners will be able to expand their business activities with other clients whilst benefitting from an initial contract to serve the state. This was done, for example, with the Property Services Agency in the late 1980s.

The rules of the business world need amending to allow more flexibility for start ups and small businesses . They are subject to the disciplines of the market and their customers anyway. The totality of controls and requirements is a major impediment to the average business start up.

We need a new wind in favour of people doing well, running their own show and owning property and assets as a normal part of their lives. We want capital and income to reinforce each other and to be flexible . A new generation of owners will then have the means to get better training, to improve their businesses, upgrade their jobs and improve their homes.